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SENSITIVE
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NEA/ELA FOR SCHALL
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TAGS: [ENRG](#) [KNNP](#) [ECON](#) [ETRD](#) [EAID](#) [EG](#)
SUBJECT: BECHTEL WINS NUCLEAR TENDER; ELECTRICITY MINISTER
CALLS FOR CLOSER COOPERATION ON CIVILIAN NUCLEAR ENERGY

REF: A. 08 CAIRO574
[1](#)B. 08 CAIRO1307
[1](#)C. 08 CAIRO1359
[1](#)D. 08 DOHA827
[1](#)E. 08 STATE127423

SENSITIVE BUT UNCLASSIFIED.

[1](#)1. (SBU) SUMMARY: Ambassador met with Minister of Electricity and Energy Dr. Hassan Younes and the Chairman of the Nuclear Power Plants Authority (NPPA) Dr. Yassin Ibrahim on December 31 to discuss Egypt's plans to develop a civilian nuclear energy program. GOE awarded a \$188 million consulting services contract to Bechtel on December 23, to assist them with the technology and design survey for Egypt's first nuclear power plant. Ibrahim asked for U.S. assistance to finance part of the Bechtel contract. He noted that the draft Nuclear Research and Energy law will be submitted to the People's Assembly for review by late January. Minister Younes said that the GOE will shortly submit a proposal to the embassy requesting technical assistance on a range of civilian nuclear energy and research issues, particularly in the area of education and training. END SUMMARY.

[1](#)2. (SBU) Minister of Electricity and Energy Dr. Hassan Younes and Dr. Yassin Ibrahim, Chairman of the Nuclear Power Plants Authority (NPPA), updated the Ambassador on December 31 on Egypt's plans to pursue a civilian nuclear energy program. The minister confirmed that Bechtel, a U.S. engineering and energy services company, won the GOE's tender to provide consulting services to the Ministry and NPPA for Egypt's civilian nuclear energy program, estimated to be worth \$188 million. The Ambassador thanked Minister Younes and Ibrahim for the GOE's support for U.S. companies and reiterated the U.S.'s commitment to working with Egypt in support of safe and secure civilian nuclear research and energy, including emergency management (refs A, B, & C). The Ministry made the tender result public on December 23, with limited press and public reaction. According to Younes, the GOE is also finalizing its renewable energy policy in the coming weeks, which he believes will provide incentive for foreign investment and private sector growth in the generation of energy.

[1](#)3. (SBU) Dr. Ibrahim said that he intends to sign the final consulting services contract with Bechtel in early February. The NPPA has designed a 3-stage process for the development of the nuclear energy program. In Phase I, Bechtel and the NPPA will focus on site selection, a design survey, a technology survey, decision on a long-term fuel supplier, and an environmental impact review. (NOTE: Ibrahim noted that Al-Dahba, 160 kilometers from Alexandria, is the GOE's

preferred location for the first nuclear power plant. END
NOTE) The NPPA intends to announce the construction tender
for the power plant in Phase II, expected to commence in
2010. Construction of the plant will be relegated to the
final phase, from 2012-2019. Ibrahim specified that the
NPPA's role will be to build and operate the nuclear power
plant. Eventually, the NPPA will privatize the distribution
of electricity generated from the nuclear plant.

NEXT STEPS: PARLIAMENTARY REVIEW OF NUCLEAR LAW

14. (SBU) Ibrahim told the Ambassador that the draft Nuclear
Research and Energy Law will be submitted to the People's
Assembly for review later this month. The main element of
the law involves the establishment of an independent nuclear
regulatory body, under the auspices of the office of the
Prime Minister, as well as the reorganization of GOE
bureaucratic responsibilities for civilian nuclear research
and safety issues.

REQUESTING U.S. ASSISTANCE TO FURTHER DEVELOP CIVILIAN
NUCLEAR RESEARCH PROGRAM

15. (SBU) Following up on earlier discussions with Ambassador
Jackie Wolcott, Special Envoy for Nuclear Nonproliferation
(refs B & D), Minister Younes told the Ambassador the GOE is
eager to expand its technical cooperation with the U.S. He
noted that the Ministry will shortly send the embassy a

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detailed proposal for technical cooperation. (NOTE: We
expect that the Ministry will hold this proposal until the
People's Assembly reviews and approves the draft nuclear law.
END NOTE.) Younes said that the GOE will seek assistance
with establishing its new regulatory agency, and training
staff for this agency. Ibrahim said that the GOE needs
technical assistance in safety and security standards as well
as developing its human resources across the civilian nuclear
field.

16. (SBU) Ibrahim asked the Ambassador for financial
assistance from the U.S. to finance part of the Bechtel
contract. The Ambassador explained funding constraints for
this type of project, and recommended that NPPA work with
Minister of International Cooperation (MIC) Fayza Aboul Naga
to receive support from the local currency account jointly
managed and programmed by MIC and USAID. The Ambassador also
suggested the GOE seek financing from the U.S. Export-Import
Bank. (NOTE: Prior to the bid decision, Embassy's Commercial
Office discussed financing possibilities with EX-IM, which
expressed interest in supporting the U.S. bidders. Bechtel
will contact Ex-Im to pursue financing options. END NOTE.)
SCOBAY